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Financial Adviser

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March 2024

Dear «Salutation»

CHANGES IMPACTING FRANKLIN U.S. GOVERNMENT A INC USD (THE “AFFECTED FUND”) - «PRODUCT_NAME» - «Policy_Number»

We are writing to you as your policy holds units in the above named Affected Fund.

We have been notified by Franklin Templeton Investment Funds (“Franklin Templeton”) of the following changes which impact the Affected Fund. These changes will take effect from **27 May 2024** (the “Effective Date”).

Changes to the investment policy

The Board of Directors of Franklin Templeton has decided to amend the investment policy of the Affected Fund to introduce investments into the “to-be-announced” (“TBA”) market. A majority of mortgage-backed securities are traded in the TBA market, which is the most liquid mortgage market, and having access to these securities provides liquidity and price benefits.

In addition, “TBA transaction risk” will be added, as an additional risk, to both the sub-section headed “Risks of Investing in the Fund” in the profile of the Affected Fund and in the section headed “RISK CONSIDERATIONS” within the updated Franklin Templeton Prospectus.

For more details of the changes that will apply to the investment policy from the Effective Date, **please refer to the Appendix overleaf.**

The changes will have no material impact on the way the Affected Fund is managed, its portfolio composition, and will not change or increase the overall risk profile of the Affected Fund.

The above changes will happen automatically to the Affected Fund within your policy and you do not need to take any action. You may want to discuss the options with your financial adviser before deciding.

Switching funds is easy

Visit the fund centre for your product at www.rl360.com/fundcentres to help you decide on a new fund, or funds. After that choose one of the following options:

Switch online	Send us your changes
If you are a registered user of our Online Service Centre and have signed up for online switching, log into your account at www.rl360.com and submit your switch online quickly and efficiently.	Download a copy of our Fund Switch Instruction Form , which you will find on the product fund centre website page, complete it and fax, post or email a scanned version back to us using the details on the form.

If you have any questions regarding this letter or any general queries, please get in touch. Call our Customer Service Team on +44 (0)1624 681682 or send an email to csc@rl360.com and one of our team will be happy to help.

Kind regards



Chris Corkish
Investment Marketing Manager

Appendix

Affected Fund Name and Share Class	Franklin U.S. Government A Inc USD
ISIN	LU0029872446
<p>Changes to the Investment Policy of the Affected Fund</p> <p>The underlined text is new wording to be added to the Affected Fund investment policy information from the Effective Date.</p> <p>Terms not defined herein shall have the same meaning as set out in the Franklin Templeton Investments Fund Prospectus</p>	<p>The Fund seeks to achieve its objective primarily through a policy of investing in debt obligations issued or guaranteed by the United States of America government and its agencies, including purchasing mortgage- and asset-backed securities. The Fund will have an allocation to fixed income securities of at least 75% of its net assets. The Fund may invest 100% of its assets in transferable securities and Money Market Instruments issued or guaranteed by the US government, its agencies and related entities, in accordance with the applicable risk diversification requirements contained in the "Investment Restrictions" section of the Explanatory Memorandum, including but not limited to, the United States Treasury, the U.S. Federal Reserve, the Government National Mortgage Association (GNMA), and up to 20% in both the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (FNMA).</p> <p><u>In addition, the Fund may also purchase or sell mortgage-backed securities (issued by GNMA, Freddie Mac and FNMA) on a delayed delivery or forward commitment basis through the "to-be-announced" ("TBA") market. With TBA transactions, the particular securities to be delivered are not identified at the trade date but the delivered securities must meet specified terms and standards (such as yield, duration, and credit quality) and comply with the Fund's investment objectives and policy. Investments in TBA securities will not exceed 20% of the Fund's net assets. The Fund may only enter into TBA sale trades or TBA roll transactions with respect to securities which it owns.</u></p> <p>The Fund may use financial derivative instruments for the purpose of efficient portfolio management and interest rate hedging. Such financial derivative instruments may include, inter alia, swaps, forwards and futures contracts (including, but not limited to, futures on interest rates).</p> <p>The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.</p>

Additional Risk Consideration to the Affected Fund from the Effective Date:

TBA Transaction risk

TBA transactions are forward-settling mortgage-backed securities ("MBS") trades where the particular securities to be delivered are not identified at the trade date but the delivered securities must meet specified terms and standards (such as issuer, maturity, coupon, price, par amount, and settlement date). Forward settling securities, such as TBA transactions, involve leverage which may magnify investment risks. TBA transactions are also subject to market risk, counterparty risk and liquidity risk.

TBA transactions are exposed to changes in the value of the investments during the term of the agreement. The obligation to purchase securities on a specified future date involves the risk that the market value of the securities that the Fund is obligated to purchase may decline below the purchase price.

Funds may enter into TBA sale commitments to hedge their portfolio positions or to sell securities they own under delayed delivery arrangements. In entering TBA sale commitments, a Fund will bear the risk that the price of the MBS to be delivered increases before the settlement date. This could result in a reduction of the potential for realising gains on the concerned security.

Funds may enter into TBA roll transactions where the buyer agrees to sell an MBS and repurchase another MBS with similar characteristics at a later date. The buyer of a TBA roll bears the risk to be bound to buy a similar security at a higher price if the concerned pool of assets increases in price over the time of the roll.